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ABSTRACT

The conscientious family counselor may find it an overwhelming task to properly assist families or individuals who are experiencing financial difficulties. Although the counselor must be aware of personal limitations and make appropriate referrals, the processes required for financial counseling are the same as those needed for the understanding and treatment of any other problems which a counselor and his/her clients face together. There are few things more difficult to achieve than to help other people, while at the same time leaving them free to manage their own affairs and their own lives. It is especially difficult to help people with money problems because, when the problems are severe enough to force them into counseling, people tend to become more reluctant to expose their feelings about, or uses of, money than almost any other aspect of life. This paper presents four case studies which illustrate a few of the more common kinds of finance-related problems faced by clients: (1) lack of skills; (2) emotional needs resulting in irrational financial behaviors; (3) circumstances over which there is little or no client control; and (4) disparate value systems. A list of nine recommendations for counselors and a brief resource list are also provided. (Author/NB)

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Family Financial Problem Solving: The Roles and Responsibilities of the Family Counselor

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ABSTRACT

The conscientious family counselor may find it an overwhelming task to properly assist families or individuals who are experiencing financial difficulties. Although the counselor must be aware of personal limitations and make appropriate referrals, the processes required for financial counseling are the same as those needed for the understanding and treatment of any other problems which a counselor and his/her clients face together. There are few things more difficult to achieve than to help other people, while at the same time leaving them free to manage their own affairs and their own lives (Pulvino and Lee, 1979; Feldman, 1976). It is especially difficult to help people with money problems because, when the problems are severe enough to force them into counseling, people tend to become more reluctant to expose their feelings about, or uses of, money than almost any other aspect of life.

Case studies are used to illustrate a few of the more common kinds of finance related problems and some suggestions for counselors are provided. A brief resource list is also provided for use by counselors and other readers.

INTRODUCTION

The conscientious family counselor may find it an overwhelming task to properly assist families or individuals who are experiencing financial difficulties. Although the counselor must be aware of personal limitations and make appropriate referrals, the processes required for financial counseling are the same as those needed for the understanding and treatment of any other problems which counselor and client must face together.

Although the most effective way of dealing with a client's financial problems is to help them to help themselves (Pulvino and Lee, 1979), leaving them free to manage their own affairs and their own lives, it is especially difficult to help prople with money problems (Feldman, 1976). When a family's financial situation or interpersonal relationships are problematic enough to force them into counseling, people tend to become more reluctant to expose their feelings about, or uses of, money than almost any other aspect of life. If a counselor understands some of the interrelationships of financial and interpersonal problems (s)he can be successful in helping families help themselves.

Families with financial problems may share certain traits, such as fear, uncertainty, anger, and resentment. The circumstances that lead people to seek help vary considerably, however, as do suggested treatments. In this paper, a few of the more common financial problems are illustrated through the

use of real client problems. Some possible solutions and/or means of assisting families are also suggested.

PROBLEM ONE: LACK OF SKILLS

Mrs. Smith is a recently widowed mother of two teenage children. She is fifty years of age and has never been involved in the financial decisions of her family. Her husband handled all the family's money matters and Mrs. Smith is now in a quandary. She is the beneficiary of a $50,000 life insurance policy that her husband had owned. A life insurance salesman is trying to sell Mrs. Smith a particular kind of life insurance policy. Friends are telling her to invest the money in various ways. Mrs. Smith feels that she owes it to her husband to make the best possible use of the money, but because she doesn't know anything about financial planning, she has felt forced to depend on the advice of comparative strangers. Her self-esteem is also suffering because deep-down Mrs. Smith feels that she should be "adult enough" to handle her own problems and wishes that she had been more involved in the financial planning process all along.

Mrs. Smith can't relive her life, but she can develop new skills. She should be directed to resources that can provide her with objective, easily read information (some suggested resources are listed at the end of this article). It is neither necessary nor desirable for a counselor to tell Mrs. Smith what she should do with her life insurance proceeds. If she is to regain her self-confidence and her independence, she

must be allowed to educate herself and, subsequently, to make her own decisions. The counselor's role, in this case, is primarily to provide Mrs. Smith with the resources with which she can help herself.

PROBLEM TWO: EMOTIONAL NEEDS RESULTING IN IRRATIONAL FINANCIAL BEHAVIORS

Modern economic theory is based on the assumption that the individual makes conscious, rational choices about the use of financial resources, while psychologists postulate that many choices are not rational and are made on the basis of unconscious drives and motivations (Feldman, 1976). Those who are consistently making informed, rational financial decisions don't seek financial counseling, except as a result of circumstances beyond their control, which will be discussed later. Because money is so often associated with power, social status, achievement, success, and so on, it is often used in nonrational ways in order to prove to others that one is successful or has control or to build up (or hide) low self-esteem. The problems of the Brown family provide an excellent illustration of one of the many variations on this theme.

Mr. Brown is generous to a fault. He lends money freely, but is reluctant to ask for its return. His brother owes him $600. He co-signed a loan for an automobile that a friend bought last year. His friend is now unemployed and has fallen behind in the payments. The creditor is threatening to sue Mr. Brown for the money, but he doesn't have the money to pay. To make matters worse, he bought his oldest daughter a personal

computer for her birthday. "After all, it wasn't her fault that money is so tight right now," he defended during a counseling session. Mrs. Brown is angry and frightened about the possible consequences (to the family) of her husband's actions. She has threatened to divorce Mr. Brown unless he accompanies her for counseling to "get help with his problem."

This family has very real financial problems which have been caused, not by lack of skills or knowledge, but by emotional and psychological needs of Mr. and, probably, Mrs. Brown. The behaviors that have resulted in this family's financial difficulties are symptoms of other underlying problems. Mr. Brown appears to be trying to buy love. Mrs. Brown may get some psychic satisfaction from her husband's "problem" because it allows her to feel superior to him.

The family counselor or therapist is trained to help clients better understand their needs and motivations. While this is essential for the long term emotional health of the individual and/or family, the crises resulting from those needs must receive immediate attention. A creditor will not delay repossession of a car because the borrower is trying to figure out how he got into trouble. Clients must, therefore, be encouraged to contact creditors quickly, to explain honestly and accurately their financial situation, and to suggest a possible repayment schedule.

Clients should be made aware of their credit rights and responsibilities, particularly protections available under the Fair Debt Collection Practices Act, the Fair Credit Reporting

Act, and bankruptcy laws. This information can be provided to clients through pamphlets, publications, and articles of the organizations identified in the SELECTED RESOURCES list or through referral to appropriate professionals/agencies in the community.

PROBLEM THREE: CIRCUMSTANCES OVER WHICH THERE IS LITTLE OR NO CONTROL

Mr. and Mrs. Jones have sought counseling because they seem to be arguing all the time. Mr. Jones is a blue collar worker who has been unemployed for the past six months. Mrs. Jones has recently taken a part-time job as a waitress four evenings each week. Her earnings are small but they help some, and Mr. Jones has been receiving unemployment benefits. Their small savings is almost completely depleted. It is gradually revealed during the first two counseling sessions that although the family's financial situation would be much worse without Mrs. Jones meager income, Mr. Jones feels that he has failed his family because he is unable to adequately support them. Mrs. Jones feels that her husband is foolish to worry about where the money comes from, "so long as there is food on the table and the utilities are paid." She often tells him this, so that he won't worry so much. Their arguments get more frequent and more bitter.

In his book, Couples-How to Confront Problems and Maintain Loving Relationships (1979, p.197), Broderick writes, "It is tempting to treat all problems as if they were of the couple's own making. Such an approach makes it easier for them

to see solutions that are within their joint reach. But it also tends to leave them at sea in that great body of marital troubles caused by the slings and arrows of outrageous misfortune." Often financial problems arise out of situations over which an individual or family has little, if any, control: insufficient income or unexpected reduction in income because of layoffs, strikes, unemployment, inflationary influences on fixed income, illness, death of a family member (or almost any change in household composition), etc. The persons involved are usually fairly competent in managing their financial affairs realistically and may only resort to counseling when interpersonal relationships are affected. Families may not even be aware of the ways in which financial stresses are affecting relationships (Ulrichson and Hira, 1985).

In this case, Mrs. Jones needs help in understanding her husband's loss. His role as breadwinner has been threatened by circumstances beyond his control and Mr. Jones may actually be going through the stages of grief as he anticipates the loss of his status as head of the household. Mr. Jones must be encouraged to take whatever steps are necessary to effectively manage financial resources now available, to assume a leadership role in creatively seeking new resources (although others may help in actually obtaining those resources) and to be realistic in assessing the family's need for financial assistance. If a sense of being in control of his life can be returned to Mr. Jones, the family may find that both the

freqency and destructiveness of arguments diminish as positive actions are taken to restore financial stability.

PROBLEM FOUR: DISPARATE VALUE SYSTEMS

Much as each individual develops meanings for the roles of "mother" and "spouse," meanings for the proper, necessary, and/or acceptable uses of money are also developed and shaped through the unique experiences of each of us. Even people who have generally similar value systems often find that they disagree about the use of their financial resources. Mr. and Mrs. Black provide us with one such example.

Mr. and Mrs. Black have been married for four months. For the most part, they are happy. They are both working and have devised a system for accomplishing household chores that seems satisfactory to them both. They have decided to wait for at least another year to try to have their first child so that they can establish their household. They are of the same religious faith and are committed to their religious beliefs. Their problem is this: although they have enough money to live fairly comfortably, there are many things for which they must either save or borrow money and Mr. Black is frustrated because his wife insists on putting a full ten percent of her weekly earnings in the collection plate at church every Sunday. Mr. Black believes that it is important to give to the Lord but he also feels that this is exorbitant, given their present circumstances. Mrs. Black has found, in her own words, "that if she gives to the Lord, that which is His, He has always taken care of her." It is important to her to continue the

practice of tithing.

Although this couple is not beseiged by creditors, has an adequate income, and makes rational decisions based on sound money management skills and knowledge, a disparity in values related to the use of money is causing a problem. Mr. and Mrs. Black must be encouraged to: closely examine their value systems, do some brainstorming to identify possible means of satisfying the needs of both spouses, and develop what Broderick (1979) has called joint scripts, thereby having a new way of interacting that takes into account the central or core issues of each spouse.

RECOMMENDATIONS FOR FAMILY COUNSELORS

Suggestions have been offered relative to the four specific cases presented. It would be instructive, however, to reiterate those in a more general way and to offer additional suggestions which counselors may find helpful as they work with families who are attempting to solve financial problems or relationship problems which are affected by the family's finances.

Counselors must:

1) realize that it is not always necessary to determine whether a specific problem stems from attitudes toward money or whether the client's attitudes, values, or behaviors have created the problem. It <u>is</u> often essential that the problem be resolved as quickly as possible.
2) help individuals and families to "own" their behaviors, to

take responsibility for past actions and future decisions, to distinguish "I need" from "I want" and "I can't" from "I won't."

3) help clients establish priorities based on the clients' own value system and help couples develop joint scripts for money management.

4) help clients set realistic goals for themselves, based on the financial resources available and their values. Goals should be flexible, with short term and long term objectives clearly defined and stated in such a way that progress is easily measured.

5) understand the basic credit rights and responsibilities of adults in this society.

6) make information about credit laws, local resources, etc. available to those who lack skills or need legal or financial assistance.

7) examine their own attitudes toward working with people who are deeply in debt or whose attitudes toward money are very different from the counselors.

8) recognize their limitations and refer clients to appropriate sources of help when necessary, particularly if legal advice or financial support is required.

9) avail themselves of educational opportunities to update and improve their counseling skills and knowledge of family finance.

SELECTED RESOURCES

Although there are many sources of information on money management and credit, the following are suggested because they are objective, easy-to-read and understand, and are available free of charge, or relatively inexpensively.

For a list of publications contact:

1) your Cooperative Extension Service Family Economist or Family Resource Management State Specialist.
2) The Federal Trade Commission (ask for the FTC Best Sellers list), Room #B-3, 6th and Pennsylvania Ave., N.W., Washington, D.C. 20580.
3) The Federal Reserve Board, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.
4) The Money Management Institute, 2700 Sanders Rd., Prospect Heights, Il 60070.

For subscription information, write:

1) Consumer Reports, Subscription Director, P.O. Box 1949, Marion, OH 43305.
2) Consumers' Research Magazine, Consumers' Research, Inc., Washington, NJ 07882.

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Broderick, Carlfred (1979). Couples-How to Confront Problems and Maintain Loving Relationships. New York: Simon and Schuster.

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